

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 6594

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TAGS: BEXP, IN

SUBJECT: ECONOMIC AND COMMERCIAL SUBCOMMISSION--ACTION PROGRAM

REF: STATE 019712

1. WE ARE WORKING ON AND PRESSING THE GOI FOR PROMPT ANSWERS TO THE QUESTIONS RAISED IN REFTEL. AS A DOWN PAYMENT, THE FOLLOWING ARE LISTS OF PRIORITY AREAS OF INTEREST FOR US EXPORT, US IMPORTS, AND US INVESTMENTS IN INDIA AS REQUESTED IN PARA 2 OF REFTEL.

A. US EXPORTS. EMBASSY MARKET RESEARCH STUDIES HAVE IDENTIFIED SEVERAL PRODUCT CATEGORIES WHICH (A) HAVE A HIGH IMPORT PRIORITY AND (B) CAN BE OFFERED BY US MANUFACTURERS ON COMPETITIVE TERMS.

(1) TEXTILE MACHINERY. IN ORDER TO IMPROVE THE QUALITY OF EXPORT PRODUCTION AND INCREASE OUTPUT, INDIAN TEXTILE MILLS REQUIRE SEVERAL TYPES OF SOPHISTICATED MACHINERY, INCLUDING WARP KNITTING MACHINES, HIGH-SPEED WARPERS/WINDERS, SPECIALTY LOOMS, AND TEXTILE FINISHING EQUIPMENT.

(2) MINING/MINE PLANT PROCESSING MACHINERY AND EQUIPMENT.
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THE SALES OPPORTUNITIES IN THIS PRODUCT CATEGORY ARE NUM-

EROUS AND INCLUDE LARGE SIZE SHOVELS (6 CUBIC YARD CAPACITY AND ABOVE), COMPLTE GRINDING AND CRUSHING MILLS, AND EQUIPMENT FOR BENEFICIATION PLANTS. GIVEN THE HIGH PRIORITY THE GOVERNMENT NOW ATTACHES TO THE MINING SECTOR, US SUPPLIERS OF THIS EQUIPMENT SHOULD DO VERY WELL.

(3) OIL FIELD MACHINERY FOR BOTH ONSHORE AND OFFSHORE EXPLORATION. ALSO INCLUDED IN THIS CATEGORY WOULD BE PLATFORMS, STORAGE TANKS, PIPELINES AND PROCESSING EQUIPMENT FOR EXPLOITATION OF OFFSHORE OIL DEPOSITS.

(4) CHEMICAL PLANT MACHINERY.

(5) MACHINES FOR THE PULP AND PAPER INDUSTRY.

(6) AVIONICS AND AVIATION GROUND SUPPORT EQUIPMENT.

(7) WIDE-BODIED AIRCRAFT. THE AVILABILITY OF FINANCING WILL EFFECT SALES PERFORMANCE IN ALL OF THE ABOVE CATEGORIES BUT IN THIS PARTICULAR AREA IT IS CRUCIAL. THE GOI HAS REPORTEDLY ASKED INDIAN AIRLINES TO MAKE A DECISION CONCERNING WIDE-BODIED AIRCRAFT BY THE END OF FEBRUARY. US EQUIPMENT IS VERY MUCH IN THE RUNNING.

(8) ELECTRONIC COMPONENTS, ESPECIALLY COMPUTER PERIPHERALS, SILICON AND GERMANIUM TRANSISTORS, RESISTORS AND ELECTRONIC SYSTEMS FOR AIRCRAFT AND VESSELS.

B. THE FOLLOWING ARE ITEMS WHICH INDIA IS CURRENTLY EXPORTING TO THE US. EXPORTS OF EACH OF THESE PRODUCTS COULD BE EXPANDED CONSIDERABLY PROVIDED LIMITATIONS ON FACTORS OF PRODUCTION ARE EASED AND GREATER SALES PROMOTION EFFORTS ARE MADE BY INDIAN TRADE REPRESENTATIVES IN THE US.

(1) CASTINGS: BOTH IRON AND STEEL FOR A VARIETY OF APPLICATIONS.

(2) STEEL PIPES.

(3) FASTENERS, INCLUDING BOLTS, NUTS AND SCREWS.
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(4) SMALL MACHINE TOOLS.

(5) HAND TOOLS.

(6) BICYCLES.

(7) ELECTRONIC COMPONENTS, ESPECIALLY CAPACITORS, INTEGRATED

CIRCUITS AND SEMI-CONDUCTORS.

(8) CAMPING AND SPORTS EQUIPMENT.

C. PRIORITY AREAS FOR US INVESTMENT. EQUITY INVESTMENT IN THE FOLLOWING AREAS IS PERMITTED UNDER CURRENT GOI INDUSTRIAL POLICY GUIDELINES. US FIRMS HAVE BOTH THE CAPABILITY AND INTEREST IN JOINT VENTURES IN THESE AREAS.

(1) CHEMICAL PLANTS, INCLUDING AGRICULTURAL CHEMICALS, EXCEPT PRODUCTS SUCH AS UREA WHICH ARE SUBJECT TO GOVERNMENT PRICE CONTROLS. PETROCHEMICALS ARE ANOTHER ATTRACTIVE AREA, PROVIDED ADEQUATE FEEDSTOCKS ARE ASSURED.

(2) MINERAL PROCESSING. IN THIS AREA AMERICAN FIRMS WOULD PROBABLY BE INTERESTED IN AN ARRANGEMENT WHICH WOULD ALLOW THEM TO IMPORT A PORTION OF THE PRODUCTION.

(3) MANUFACTURE OF ELECTRONIC COMPONENTS FOR THE LOCAL INDIAN MARKET AND EXPORT TO THE US AND THIRD COUNTRY MARKETS. AMERICANS ELECTRONIC EQUIPMENT FIRMS HAVE DEMONSTRATED LITTLE INTEREST IN MANUFACTURING IN INDIA PURELY FOR EXPORT. FOR EXAMPLE, THEY HAVE NOT RUSHED TO PARTICIPATE RECENTLY ESTABLISHED 100 PERCENT EXPORT GOI ELECTRONICS FREE ZONE AT SANTA CRUZ AIRPORT. THEY, LIKE MOST OTHER COMPANIES WHICH CONSIDER THE PROSPECTS OF INVESTING IN INDIA, PREFER TO DEVOTE A SIZEABLE PART OF THEIR PRODUCTION TO THE GROWING INDIAN MARKET.

(4) SPECIALTY PAPERS.

(5) SPECIALTY METAL PRODUCTS.
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